

VZCZCXYZ0005  
OO RUEHWEB

DE RUCNDT #0133/01 0441639  
ZNR UUUUU ZZH  
O 131639Z FEB 08  
FM USMISSION USUN NEW YORK  
TO RUEHC/SECSTATE WASHDC IMMEDIATE 3721  
INFO RUEHXX/GENEVA IO MISSIONS COLLECTIVE PRIORITY

UNCLAS USUN NEW YORK 000133

SIPDIS

SIPDIS

SENSITIVE

E.O. 12958: N/A  
TAGS: [AORC](#) [UUNR](#) [UNGA](#)  
SUBJECT: 62ND UNGA/FIFTH COMMITTEE: CONTINUING TO PURSUE  
THE UN MANAGEMENT REFORM AGENDA WHILE RATIONALIZING THE UN  
BUDGET

REF: USUN 10

1. (U) This is a guidance request - see para 9.

2. (SBU) SUMMARY: The first resumed session of the Fifth Committee is scheduled to begin on 4 March. The most important items on the agenda relate to UN management reform proposals. These include proposals relating to the proposed new IT system; establishment of an accountability/results-based management (RBM)/enterprise risk management (ERM) system; human resources management and procurement reforms; as well as a revised proposal for restructuring of the UN Department of Political Affairs (DPA). In addition the SYG has indicated that he will at this session introduce a proposal for restructuring the UN Department of Economic and Social Affairs (DESA) and related development programs and activities, which would include UNCTAD and the Regional Commissions. While we have been pressing since the September 2005 World Summit for implementation of reforms to improve accountability, transparency, and efficiency in UN activities, we also face the equally important imperative, in light the initial 2008-2009 biennium UN budget (reftel), of ensuring a disciplined approach to the UN budget, including reasonable restraint of the growth in the present and future budgets. In this aspect, we are also concerned about reports that there could be efforts to transfer funding for activities traditionally financed from the regular budget to the peacekeeping budget, increasing the cost for the USG, for example in regard to SPMs. In order to meet these two objectives, USUN proposes that, in upcoming Fifth Committee discussions, the USG pursue progress on the reforms identified by the World Summit while deferring action to later this year or next on reforms that would entail substantial budget increases, including the new proposals of the SYG to restructure DPA and DESA. END SUMMARY.

PRELIMINARY AGENDA FOR  
RESUMED SESSION - PROPOSED  
ADD-ONS TO THE BUDGET

3. (SBU) Although the Fifth Committee Executive Secretary has not as yet distributed a draft program of work for the Committee's March resumed session, preliminary indications from the Fifth Committee Bureau suggest that agenda items will likely include, inter alia, proposals relating to:

- a. accountability/results-based management (RBM)/enterprise risk management (ERM);
- b. reform of the information and communications technology system;
- c. human resources management;
- d. the UN procurement system;
- e. OIOS' investigations function;
- f. construction of the UN integrated compound in Baghdad;
- g. DPA restructuring; and,
- h. DESA restructuring.

4. (SBU) Most of these items relate to reforms approved at the 2005 World Summit that remain to be implemented (e.g. para 3, a-e). Several of these have the potential to involve substantial increases to the approved budget (e.g. para 3, b and c). Others are new proposals (e.g. para 3, g and h) that have substantial budgeting implications. Replacing the current IT system with a next-generation system may necessitate expenditures of more than \$100 million. Human resources reform could involve expenses of \$31 million for the regular budget, and far more for the support account. The expenses for restructuring DPA, already have been calculated at \$21 million for the current 2008-09 biennium, with even higher costs projected for future years, \$34 million per year. The DESA proposal by far has the greatest potential for increasing the budget. It involves development activities that the G-77 has consistently argued should be greatly expanded. The current budget for those activities is some \$750 million.

NEED TO RATIONALIZE THE  
BUDGET AND HOLD DOWN COSTS  
-----

15. (SBU) During the Fall 2007 Fifth Committee negotiations on the proposed 2008-2009 UN biennium budget, culminating in October 22 "no" vote, USUN underscored the need to bring discipline to the budget process and to exercise fiscal restraint in the growth of the budget. The 2008/2009 budget of \$4.17 billion already represents a 10 percent increase from the initial appropriation of \$3.79 billion originally

approved for the 2006/2007 budget.

16. (SBU) It is in light of these efforts to rationalize the UN budget and contain costs that we must consider a strategy for the March resumed session. USUN believes the best approach, given our continued budgetary concerns, would be to pursue those proposals that would not entail significant new costs, such as accountability framework/results-based/enterprise risk management system, OIOS enhancement, and procurement, while opposing and/or postponing action on other more costly proposals such as the DPA and DESA. The proposal to defer action on costly proposals met with widespread support at the Main Session. Based on preliminary consultations with key WEOG and G-77 Member States, USUN believes such a strategy has good prospects for succeeding in the March resumed session.

17. (SBU) Initially, it appears that the principal proposal for implementing ICT reform won't be ready to address until the May resumed session, leaving only the more limited proposal for some kind of backup disaster system. The human resources proposals are more difficult, especially since the G-77 apparently desire some progress on this reform. However, because the proposal is divided into two parts - streamlining contracts and harmonizing conditions of service - there is a good opportunity of limiting action at this session to the less far reaching and costly part - streamlining contracts. While the revised DPA proposal of the SYG has improved on the previous proposal as the ACABQ report on the proposal indicates, it continues to raise some serious issues. More importantly, there is concern among a number of WEOG members that support for the proposal generally would likely provoke a demand by the G-77 for some action on the forthcoming DESA proposal. The DESA proposal has potential for an enormous increase in the budget, dwarfing the DPA and other proposals, but will not likely be in sufficient shape to act upon definitively at this session. Nonetheless, USUN is concerned that support for action on DPA proposal would provoke the G-77 to seek some framework resolution approving restructuring on DESA and related entities. Such a framework agreement would generally commit the Organization to favorable action on an ambiguous but potentially costly proposal with significant elements that we are likely to oppose down the line. The only practical approach to maintaining fiscal restraint is to defer both DPA and DESA until the end of this GA (September) or possibly later. Finally, we would oppose any effort to substitute funding presently provided under the regular budget to the peacekeeping budget.

18. (SBU) Concerning the remaining large cost proposal -- the \$180 million needed to complete the integrated UN headquarters compound in Baghdad -- USUN understands that this proposal may again be postponed. In any event, it would be critical to making timely progress on this matter to convince the Government of Iraq to at least pay half if not all the costs required.

GUIDANCE REQUEST  
-----

19. (SBU) USUN seeks Department approval to proceed with the above strategy.  
WOLFF